

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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FROM: Colby Shank, Project Coordinator *CTS*

RE: Guidance on Reporting Debts with Federal Tax Credits in Gateway

DATE: June 29, 2012

The purpose of this memorandum is to provide guidance on reporting debts that receive federal tax credits in the Indiana Gateway for Government Units ("Gateway"). Such debts include but are not limited to Qualified School Construction Bonds (QSCBs), Qualified Zone Academy Bonds (QZABs), and Build America Bonds (BABs). Because the Gateway Budget Forms application pulls data from submitted debt reports in Gateway Debt Management, it is necessary to coordinate how debt information is reported across both applications.

Federal tax credits need to be reported in the respective column on the amortization schedule in Gateway Debt Management. In addition, schools will need to report the amount of federal tax credits on the Form 2 Estimate of Miscellaneous Revenues as 4990 – Other Revenue from Federal Sources. Other unit types will need to use R134 – Federal and State Grants and Distributions.

In addition to reporting federal tax credits in Debt Management and the Budget Forms application, units will need to complete either the period total or lease payments column on the amortization schedule in Debt Management. The period total column needs to be completed if the debt is issued directly by the unit of government. The debt report needs to be classified according to the kind of debt issued (e.g., Qualified School Construction Bonds). The data in the period total column can then be transferred to the Debt Worksheet in the Budget Forms application.

If the debt is issued by a building or holding corporation, the debt report needs to be classified as a lease and the lease payments column needs to be completed on the amortization schedule in Debt Management. These lease payments need to be reported as gross amounts before the federal tax credit is applied. The data in the lease payments column can then be transferred to the Debt Worksheet in the Budget Forms application.

Questions regarding this memo should be directed to Colby Shank at (317) 234-4480 or cshank@dlgf.in.gov.